

AMENDED IN ASSEMBLY APRIL 26, 2001

AMENDED IN ASSEMBLY APRIL 19, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

## ASSEMBLY BILL

No. 1233

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**Introduced by Assembly Member Pescetti**

February 23, 2001

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An act to add Section 785.8 to the Public Utilities Code, relating to public utilities.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1233, as amended, Pescetti. Public utilities: transportation charges.

(1) Existing law requires the Public Utilities Commission to allow a gas corporation to fully recover all reasonable and prudent costs associated with ownership and operation of the gas plant used for transportation.

This bill would prohibit assessment of local transmission rates on natural gas if (a) it is delivered to an end-use customer, (b) it is delivered through a transmission system owned by a gas corporation *that is not interconnected with a local utility transmission system*, and (c) it is blended with gas supplies produced from an in-state source for the purposes of achieving a usable thermal rate. *The bill would require the commission to administer this provision in a manner that prohibits any cost shift to core customers resulting from the rate exemption required under the bill.* Because a violation of the Public Utilities Act is a crime under existing provisions of law, this bill would create a state-mandated local program by expanding the definition of a crime.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) California is one of the largest producers of oil and natural  
4 gas in the nation.

5 (b) California is one of the largest consumers of oil and natural  
6 gas in the nation.

7 (c) Natural gas is a crucial commodity that is necessary to  
8 electrical production, residential heating, commodity production,  
9 and industrial manufacturing.

10 (d) The price of electricity is tied closely to the price of natural  
11 gas.

12 (e) Despite having significant untapped reserves of natural gas,  
13 California remains heavily dependent upon out-of-state gas  
14 deliveries.

15 (f) It is in the state's long-term economic interest to promote  
16 policies that maximize the use of available in-state resources and  
17 encourage the increased production of natural gas.

18 SEC. 2. Section 785.8 is added to the Public Utilities Code, to  
19 read:

20 785.8. (a) Natural gas may not be assessed local transmission  
21 rates if all of the following conditions apply:

22 ~~(a)~~

23 (1) The gas is delivered to an end-use customer.

24 ~~(b)~~

25 (2) The gas is delivered through a transmission system owned  
26 by a gas corporation *that does not interconnect with a local utility*  
27 *transmission system.*

28 ~~(c)~~



1 (3) The gas is blended with gas supplies produced from an  
2 in-state source for the purposes of achieving a usable thermal rate.

3 (b) *The commission shall administer this section in a manner*  
4 *that prohibits any cost shift to core customers resulting from the*  
5 *rate exemption required under subdivision (a).*

6 SEC. 3. No reimbursement is required by this act pursuant to  
7 Section 6 of Article XIII B of the California Constitution because  
8 the only costs that may be incurred by a local agency or school  
9 district will be incurred because this act creates a new crime or  
10 infraction, eliminates a crime or infraction, or changes the penalty  
11 for a crime or infraction, within the meaning of Section 17556 of  
12 the Government Code, or changes the definition of a crime within  
13 the meaning of Section 6 of Article XIII B of the California  
14 Constitution.

